

Message Text

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C O N F I D E N T I A L STATE 052034

FOL BELGRADE 1407 SENT ACTION SECSTATE INFO VIENNA FEB 21, 1978
REPEATED TO YOU QUOTE

C O N F I D E N T I A L BELGRADE 1407

USIAEA

E.O. 11652: GDS

TAGS: TECH, PARM, ENRG, YO

SUBJECT: KRSKO NUCLEAR FUEL LICENSE NEGOTIATIONS

1. U.S. NEGOTIATING TEAM UNDER DEPUTY ASSISTANT SECRETARY NOSENZO MET FEB.17 AND 18 WITH YUGOSLAV TEAM CONSISTING OF REPRESENTATIVES OF FOREIGN OFFICE, FEDERAL COMMITTEE OF ENERGY AND INDUSTRY, THE NUCLEAR ENERGY COMMISSION, REPUBLICS OF CROATIA AND SLOVENIA, AND THE KRSKO INVESTOR. ATMOSPHERE WAS BOTH CORDIAL AND WORKMANLIKE. FSFA NUCLEAR COORDINATOR AMBASSADOR KLJUN, WHO HEADED YUGOSLAV SIDE, VIRTUALLY EXCLUDED POLEMICS EXCEPT FOR ONE OBLIGATORY RAPIDLY READ CONDEMNATION ON RESTRAINTS ON NUCLEAR TECHNOLOGY TRANSFERS SUCH AS THE LONDON CLUB AND THE FAILURE OF THE SUPERPOWERS TO REDUCE THEIR NUCLEAR WEAPON STOCKPILE. INDEED, YUGOSLAVS SHOWED FAR MORE TECHNICAL UNDERSTANDING AND TRUST OF OBJECTIVES OF U.S.

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NONPROLIFERATION POLICIES THAN IN TWO PREVIOUS NEGOTIATIONS (FEB. AND MAY 1977).

2. BASED ON THE FIRST DAY OF DISCUSSION, THE U.S. TEAM PREPARED AND SUBMITTED A DRAFT CONTAINING TWO OPTIONS. AFTER AN HOUR'S CONSIDERATION, THE YUGOSLAV SIDE SUGGESTED A NUMBER OF CHANGES TO THE FIRST OPTION, NONE OF WHICH SEEMED SUBSTANTIAL. THE

SECOND OPTION WAS CLEARLY UNACCEPTABLE. DRAFT BEING HAND CARRIED
BACK BY U.S. TEAM.

3. THE NEXT STEP IS FOR THE U.S. SIDE TO PREPARE A FINAL DRAFT
AND TRANSMIT IT THROUGH THE EMBASSY TO THE GOY FOR FULL
CONSIDERATION. BOTH SIDES AGREED THAT THE MATTER WOULD BE HANDLED
URGENTLY TO REACH A SATISFACTORY RESOLUTION BEFORE THE TITO VISIT
TO WASHINGTON BUT THAT IF THIS WAS NOT POSSIBLE, NEGOTIATIONS
WOULD STILL CONTINUE. SEPARATELY, BOTH SIDES AGREED NOT TO
COMMENT TO PRESS ON THE NEGOTIATIONS.

4. EMBASSY COMMENT: SINCE ALL INTERESTED YUGOSLAV PARTIES WERE
REPRESENTED AND NONE VOICED OBJECTION TO THE SUBSTANCE OF OPTION
A, WE ARE CAUTIOUSLY OPTIMISTIC. HOW HIGHER POLITICAL LEVELS WILL
REACT IS UNCLEAR. WITH THE TITO VISIT ONLY TWO WEEKS AWAY, TITO
AND HIS ADVISERS WILL BE EAGER TO ELIMINATE THIS LINGERING
BILATERAL PROBLEM. WE THUS UNDERSCORE URGENCY IN REPLYING
WITH THE FINAL U.S. DRAFT.

5. ABOVE NOT CLEARED WITH NOSENZO WHO DEPARTED ONLY A HALFHOUR
AFTER NEGOTIATIONS CONCLUDED. EABLEBURGER UNQUOTE
VANCE

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